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ILLINOIS DEPARTMENT OF INSURANCE  
CURRENT AND RECENTLY ADOPTED RULEMAKINGS

MAY 17, 2016

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The following are summaries of administrative rules recently filed by IDOI; they are at various stages in the rulemaking process. The rules listed here have been or soon will be published by the Secretary of State in the Illinois Register. Links are provided to the issues of the Illinois Register in which these rule have been published. In addition, IDOI's adopted rules are available online (after publication in the Illinois Register) at the Illinois General Assembly's Joint Committee on Administrative Rules (JCAR) web page:

<http://ilga.gov/commission/jcar/admincode/050/050parts.html>

The proposed rules have no legal effect until after they have been through the first and second notice periods and are adopted by IDOI and filed with the Secretary of State's Office. The public may submit comments to IDOI during the 45-day first notice period that commences with a rule's initial publication in the Register. The adopted rules may differ from those originally published. JCAR's website contains additional information on the rulemaking process:

<http://ilga.gov/commission/jcar/default.htm>

**DISCLAIMER:** The Illinois Register is a weekly update of the Illinois Administrative Code (a compilation of the rules adopted by State agencies). The most recent edition of the Code, along with the Register, comprise the most current accounting of State agencies' rulemakings; however, the Illinois Department of Insurance neither warrants nor represents the accuracy or timeliness of the information contained in the Register, or on the IDOI website. The information and links provided on this site are intended solely for the convenience of interested persons; you are urged to consult the official documents or contact legal counsel of your choice. This site should not be cited as an official or authoritative source. Amendments, court decisions and other proceedings may affect the text, interpretation, validity and constitutionality of the laws and rules.

**FIRST NOTICE:**

**50 Ill. Adm. Code 928, Medical Professional Liability Database:** Part 928 establishes a uniform format for the reporting of information relating to allegations of provider liability. The proposed changes will clarify what the user should input for the Supplement A to Schedule T reconciliation form, as well as instructing users where to submit reports for claims and lawsuits and data reconciliation forms. Additionally, under Section 928 Exhibit B regarding the reporting instructions, the insured's Social Security number is no longer being requested when the Illinois license number is unavailable.

**Date Published:** April 8, 2016

**Illinois Register Citation:** [40 Ill. Reg. 5783](#)

**Comment Period Ends:** May 23, 2016

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**50 Ill. Adm. Code 2004, Accident and Health Reserves:** The proposed amendment to Part 2004 will require all companies transacting in this State the kinds of business enumerated in clause (b) of Class 1 and clause (a) of Class 2 of Section 4 of the Code [215 ILCS 5/4] to use the current Accounting Practices and Procedures (APPM) standards found within the most recent version of the APPM manual, which is updated on an annual basis. The Part currently provides that companies refer to the applicable standards prescribed by the APPM as of March 2015. It is necessary that Section 2004 reflect the current standards referenced in the 2016 version of the APPM.

**Date Published:** April 22, 2016

**Illinois Register Citation:** [40 Ill. Reg. 6714](#)

**Comment Period Ends:** June 6, 2016

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**50 Ill. Reg. 2909, Workers' Compensation Large Deductible Business:** On August 14, 2015, the Governor signed Public Act 099-0369, which created 215 ILCS 5/155.44 in the Insurance Code. Section 5/155.44 applies to workers' compensation insurers, with an A.M. Best Company rating below "A-" and less than \$200,000,000 in surplus. Section 5/155.44 also requires that insurers limit the size of the policyholder's obligations under a large deductible agreement to no greater than 20% of the total net worth of the policyholder at each policy inception and requires full collateralization of those outstanding obligations owed under a large deductible agreement by surety bond, letter of credit or cash/securities held in trust. The proposed new rule will implement this requirement.

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**50 Ill. Reg. 3118, Licensing of Public Adjusters:** This amendment will provide insurance companies and insureds the ability to assert that public adjuster contracts that have not been filed and approved by the Director are void.

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**Illinois Register Citation:** [40 Ill. Reg. 5813](#)

**Comment Period Ends:** May 23, 2016

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**50 Ill. Reg. 4404, Portability of Creditable Service Time for Downstate and Suburban Police**

**Pension Funds:** With the enactment of PA 096-1495, a second benefit tier was constructed for police officers participating in Article 3 pension funds. Actuarial liabilities for this tier are calculated differently than those for Tier 1. Therefore, the actuarial valuations are based on the type of tier. Currently, the type of tier is not provided to the Department. The amendment to Section 4404.40 is in the heading only. The amendment to Part 4404.Illustration A will add a line to the form to indicate under which benefit tier the officer in question participates in order to appropriately calculate the true cost of transferring that individual's creditable service time between Article 3 pension funds. This will allow the Department's enrolled actuary to perform the proper actuarial valuation as required by the statute.

**Date Published:** April 8, 2016

**Illinois Register Citation:** [40 Ill. Reg. 5877](#)

**Comment Period Ends:** May 23, 2016

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**SECOND NOTICE:**

**50 Ill. Adm. Code 901, Destruction of Records:** Section 133 of the Insurance Code concerning record retention requires that all books, records, documents, accounts and vouchers related to the financial condition, affairs and operations of a domestic company or of any principal U.S. office of a foreign/alien company located in this State, be preserved until the Director authorizes the disposal and/or destruction of such records. Title 50, Section 901.20 of the Illinois Administrative Code concerns the process by which an insurer can request permission to dispose of and/or destroy records pursuant to Section 133 of the Code. The Department recognizes that the current process outlined by this rule is outdated, unnecessary, and not in line with other states' requirements. The amendment to Section 901.20 will grant the authority to companies to destroy/dispose of records that are no longer needed in the transaction of current business, for the final disposition of an insurance claim or to determine the financial condition of the company for the period since the last examination report, or after a period of seven years, whichever is later, for items related to the final disposition of an insurance claim or the financial condition of the company.

**Date Published:** November 6, 2015

**Illinois Register Citation:** [39 Ill. Reg. 14218](#)

**JCAR Meeting:** May 10, 2016

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**ADOPTED:**

The Department did not adopt any rulemakings in April 2016.